

Michigan Department of Agriculture & Rural Development 2011 Accomplishments

OVERARCHING/BIG PICTURE

- Addition of Rural Development to our name and mission
- Identified administrative efficiencies within the Quality of Life group.
- Active participation in the state's Intra-agency Coordinating Council in areas such as infrastructure, mining, bioenergy, health/wellness, communications
- Co-hosted two summits – one on production agriculture and one on food processing
 - Four goals coming out of those summits include:
 - Increase economic impact of the food and agriculture industry from \$71 billion to \$100 billion in five years.
 - Double agricultural exports
 - Increase food and agricultural career jobs by 10 percent in five years.
 - Increase access to healthy foods for Michigan consumers by 20 percent in five years.

ASSURING FOOD SAFETY

- In September 2010, Michigan was one of 12 states to be awarded with a FDA Feed Safety Cooperative Grant. The five-year, \$1.25 million grant from FDA will allow MDARD to enhance its feed surveillance capabilities in the areas of: early detection, rapid response and effective recovery. The initiative focuses on o pathogen detection for salmonella and E. coli 157:H7, we will also be analyzing feed samples for metals, mycotoxins, BSE, drugs and nutrients as well as on improving the control of and response to BSE and feed safety risks associated with imports, manufacturing, transportation and distribution of feed products.
- **Food Law** – In conjunction with industry partners and workgroups, FDD conducted a complete review of the Michigan Food Law to update the law and adopt the federal 2009 Food Code. Recommended updates have been introduced as HB5130 to begin the process of amending the state's current law.
- **MI-Inspector** – Implemented a new electronic inspection system, MI-Inspector, which is more flexible and adaptable than the previous system. The system includes seizure and enforcement databases and a new risk-based evaluation schedule. MI-Inspector allows inspectors to track trends to improve the division's ability to manage and respond to food safety risks and develop guidance for industry to reduce critical violations and the risk of foodborne illness.

- **Egg Safety** – Under the new FDA Egg Safety Rule, MDARD began conducting federal evaluations of egg-laying facilities in Michigan. Using a cross-divisional approach to provide an all-risk assessment, inspection teams include staff from MDARD's Food and Dairy, Animal Industry and Pesticide and Plant Pest Management divisions, with technical guidance provided from the Laboratory Division.
- Through a local health led process, MDARD helped develop a guide to be utilized nationally recognizing best practices in improving multi-jurisdictional response to foodborne illnesses in Michigan. This type of joint effort is critical in aiding in emergency preparedness in foodborne illness investigation and response.
- Currently the Geagley Lab performs testing on 8 different commodities collected both in Michigan and samples shipped from Texas. The testing includes a Polymerase-Chain-Reaction (PCR) test for Salmonella species and another type of real time PCR that tests for Shiga-Toxin producing E. coli, or STEC's. STECs are pathogenic E. coli that includes organisms like E. coli O157:H7 and the E. coli strain implicated in the European outbreak this past spring. The PCR testing will screen for all types of pathogenic E. coli.
- This year, MDARD's Microbiological Data Program (MDP) tested 9 different commodities for a total of 3,456 tests being run on 1,728 total samples from Michigan sites, and 648 tests on 324 samples from Texas. MDARD's MDP and Food Emergency Response Network programs have initiated sharing of methods and resources with the goal of testing produce for pathogens more effectively and efficiently.
- Data collected from MDARD's Pesticide Data Program (PDP) are used by EPA and FDA in identifying realistic pesticide dietary exposure assessments as part of their estimating of potential risks of pesticide residues in food as they determine whether a pesticide may be registered for use on crops as well as aiding the agricultural community with the tools they need to provide healthy food with higher yields. For example, in FY2011 Michigan provided PDP with over 175,000 residue data, mostly non-detects, which show the low residues on crops where pesticides are used appropriately.
- Food & Agriculture Border Gateway Summit: In June, Michigan hosted a one day seminar in Southeast Michigan focusing on the food and agriculture sector. U.S. and Canadian businesses and agencies involved with the varied components of producing, selling, transporting, and protecting food and agriculture provided information about current challenges and future trends, and attendees from local, state, and federal

agencies as well as Canadian officials; and the private sector interacted to better understand the risks, consequences, and opportunities related to the food and agriculture sector.

- Activated MDARD's Sampling Team to collect food and feed samples that were tested for contamination. Used multi-divisional Incident Management Teams to plan and run seven regional exercises across the State that engaged staff from across the department, reinforcing sample collection procedures, chain of custody, safety, and emergency management principles.

PROTECTING ANIMAL AND PLANT HEALTH

- The Bovine Tuberculosis (TB) Eradication Program took a major step forward in helping return Michigan to TB Free Status and ensuring producers' access to national and international markets. Michigan was granted Split State Status by USDA in part due continued TB Testing, electronic identification, monitoring of cattle movement in the state, and implementation of a wildlife risk mitigation project. In September 2011, significant gains were made in the following areas: raising 57 counties of the Lower Peninsula to TB Free Status; shrinking the TB high risk area from five counties to four counties; and eliminating the cost of maintaining the Livestock Inspection Station at the Mackinac Bridge.
- The three-year Wildlife Risk Mitigation Project began in 2008 and has a goal to enroll 950 farms with biosecurity practices that reduce the risk of cattle coming into direct, or indirect, contact with infected free-ranging white-tailed deer. To date, there 886 of 950 farms signed up for the project (93%) and 830 of the 950 farms are verified as being risk-mitigated (87%).
- The National Association of State Chief Information Officers (NASCIO) awarded MDARD Animal Industry Division the Government to Business Award for the USAHerds data system. The award category covers governmental innovative applications that foster improved interaction between government and business. The USAHerds system is the first-of-its-kind animal disease traceability solution using the Radio Frequency Identification Device ear tags on cattle in the United States providing improved disease tracking and response time.
- Through USDA's Cooperative Agriculture Pest Survey program and the Farm Bill, MDARD staff conducted multiple surveys for insects and diseases in FY2011. These surveys facilitate early detection of exotic pest species and allow for rapid regulatory and eradication actions to mitigate their impacts when found. Surveys were conducted for Plum Pox Virus, nursery pests, Hemlock Woolly Adelgid and honey bee pests. Although

no new exotic pests were identified this year, early detection of invasive pests is vital to preventing long-term costs and economic impacts. For example, MDARD spent \$58.3 million in federal funding to try and control emerald ash borer.

SUSTAINING ENVIRONMENTAL STEWARDSHIP

Birds Eye/Pinnacle Foods

Birds Eye/Pinnacle Foods in Fennville, has begun construction on a \$6 Million wastewater treatment system that will treat the water prior to spray irrigation in the growing season and prior to discharge to the municipal system in the late fall and early spring. The City of Fennville is extending their drinking water system to the residents affected by Birds Eye's previous spray irrigation activities. The drinking water will also be treated to remove iron, providing improved water quality for many Fennville residents. The drinking water system was funded by Community Development Block Grant and Birds Eye. The total investment in the community will be approximately \$10 Million.

STATUS: On-going. Systems are currently under construction.

Construction expected to be completed spring 2012.

- MDARD, as part of its agri-chemical storage program, reviewed, inspected and approved plans to help Agro-Culture Liquid Fertilizer complete its new fertilizer plant in Ashley. The 53,000 square foot plant opened in August 2011, created 14 new jobs, and will manufacture more than 30 million gallons of fertilizer a year. Currently, Agro-Culture is consulting with MDARD on plans to add three more 500,000 gallon tanks to the Ashley plant next spring.
- The Farmland Preservation Program received more than 1,327 applications in 2011 to enroll 89,359 acres into the PA 116 Program. This is a 66% increase from 2010 numbers. Currently, 3.1 million acres of Michigan's total 10 million acres of farmland are enrolled in the program.
- 94% of the landowners with expiring PA 116 Agreements in 2011 chose to renew those Agreements. This represents 284,160 acres retained in the program. The renewal rate in 2010 was 84%.
- Under PA 79 of 2011 (lien discount bill) 622 liens have been paid so far. Approximately \$1.8 million has been received so far with a deadline of March 31, 2012 for the end of the discount.
- A total of six permanent conservation easements were acquired in 2011 containing 580 acres. Three of the conservation easements as acquired in a cooperative partnership arrangement between the Grand Traverse Land Conservancy, Acme Township, and the USDA, NRCS.

- The Michigan Agricultural Environmental Assurance Program (MAEAP) was codified into law by Governor Snyder in January as Public Acts 1 and 2, which gave the program greater standing. MAEAP celebrated its 1000th farm verification in October.
- MAEAP has verified that responsible manure application and other conservation practices are the rule on over a half million acres of Michigan farmland. Over 240,000 acres receiving pesticides have approved pest management plans.
- The Right to Farm Program responded to 131 new conflicts regarding farm operations and followed up on another 125 on-going cases. These new complaints occurred in 44 counties all across Michigan. All cases have been resolved or are in the process of resolution; no cases were referred to the MDEQ.
- Additionally, the Right to Farm Program received a total of 24 livestock siting requests in FY 2011, including 17 expansions and 7 new facilities, valued at approximately \$20M.

ENABLING RURAL AND ECONOMIC DEVELOPMENT

- In late September/early October, Director Creagh had the opportunity to travel to Asia with Governor Snyder, spending eight days in China, Japan and South Korea. The purpose of the trip was to develop working relationships with our international counterparts to help expand Michigan export market opportunities. Several successful meetings and possible export leads resulted from that trip. Graceland Fruit was a shining example of the business prospects available in the Asian markets. There is a tremendous desire for nutraceutical foods and other high value Michigan products. MDARD will continue to reach out to our sister cities to more fully engage in our export partnership while building upon existing relationships.
- Pure Michigan Worldwide - In 2010, 53 Michigan companies participated in 144 Food Export Association programs and services resulting in an actual increase of export sales of more than \$95 million; and projected increase in export sales of nearly \$13 million. Michigan companies' participation in export activities also resulted in 20 new employees being added and 22 first export sales in a new market.
- In FY2011, MDARD staff enabled trade by helping facilitate export of agricultural based commodities including grain, timber products, nursery stock, Christmas trees, and fruits and vegetables by issuing 3,593 Federal Phytosanitary Certificates and 76 Federal Re-export Certificates.
- Combined with the stabilization of the budget, and the institution of an industry supported license application fee, the Migrant Labor Housing

program able to inspect and license housing for 22,820 migrant workers and their families at 777 locations. Quality housing and the diversity of our agricultural opportunities are the two main reasons these workers travel from Texas and Florida to support Michigan's \$2.3 billion in fruit and vegetable production.

- On the regulatory reform front the Migrant Labor Housing program has initiated work with the U.S. Department of Labor, MiOSHA, and Workforce Development to simplify regulatory requirements and address industries need for the skill, speed, and stamina provide by Michigan's migrant labor workers.
- Conservation Technical Assistance Initiative (CTAI) Technicians provided assistance on 1,035 engineered conservation practices that made \$11,317,703 in federal cost share available to Michigan producers. Program is funded through cost share agreement between MDARD and NRCS. CTAI funds 18 positions through local Conservation Districts across the state and is an excellent example of Local, State and Federal partnership.
- Since the CTAI Program began in 2006, it has allowed for a significant decrease in the backlog of NRCS engineering practices through local delivery; and allows technicians, working with landowners, to expand the reach of high-value programs such as MAEAP.
- Within past 18 months, and in accordance with Grain Dealers Act (PA 141 of 1939, as amended,) staff have performed, on a risk basis, all scheduled producer security audits at licensed grain dealer facilities. During this same period of time there has been no reported failure of a licensed grain dealer facility.
- Eleven new wineries were recognized by the MI Grape and Wine Council as new "producers of Michigan wine" - bringing the state total to 86. Wineries and vineyards are starting up in new regions of the state, including plantings of super cold-hardy varieties.
- Sales of Michigan wines in the state rose 12 percent in 2010, while total wine sales increased 4 percent. Michigan wine sales have outpaced total wine sales for the past 10 years, doubling the Michigan wineries' market share to 6.5 percent.

Company expansions/new jobs

Continental Dairy, Coopersville

- Transformed from a Delphi automotive parts facility
- Will start production of nonfat dry milk, condensed skim milk, and cream in 2012

- During a recent job fair, 1,000 people applied for the 70 new jobs Continental Dairy was filling in the areas of quality assurance managers, plant supervisors, evaporator/dry operators, and maintenance technicians.

Cherry Growers, Inc. Grawn

- Thanks to the Pure Michigan Connect Cherry Growers Inc. in Grawn, MI, indicated that with the Huntington loan and help from the MEDC, he will be able to expand his company and create an additional 93 jobs over the next five years. Cherry Growers is an agricultural cooperative located in Grand Traverse County. The co-op is organized to process and market fruit for its grower patrons, all of whom are located in Michigan. The main fruits are cherries, apples, and plums. The co-op normally maintains around 65 grower members.

Shoreline Fruit, Traverse City

- Tart cherries processed into fruit concentrates and products
- \$7.5 million expansion is underway with an estimated 45-70 new jobs created in next 5 years
- MDARD worked with township board on agreement

Mastronardi Produce - Coldwater

- New hydroponic greenhouse operation, 70 acres under glass, located in Coldwater, Michigan is in the construction stage.
- The company owns and operates greenhouses in Illinois and Colorado, and has chosen Michigan as their next growth area.
- This facility is currently under construction, some local incentives were offered to the company, and MDARD offered technical assistance.
- This is a \$23 million dollar investment creating 102 jobs.

INFRASTRUCTURE AND BIOENERGY

Zeeland Farm Services (ZFS)—Zeeland

- ZFS receives and processes soybeans and grains, finished product hauled out by the ZFS fleet 355 days/year.
- The Department of Homeland Security is requiring that they fence their entire property for food security, which will require a change in the traffic flow.
- They are proposing an interchange at 84th street and I-96 as well to close the north exit from their facility onto 121. They have worked with Griesinga and Associates to develop a site plan and have commissioned Traffic Engineering Associates in Grand Ledge to complete a traffic study analysis in conjunction with Granger.
- MDARD is working with ZFS and MDOT to look at options.

NOVI Energy Regional Digester

- In June NOVI Energy conducted a groundbreaking ceremony for their regional digester system to be located in Fremont, Michigan. The digester will utilize feedstock from 17 different sources, including Gerber Foods and Peterson Foods. The effluent will be used to develop a nutrient rich soil amendment. Projected project costs are \$22 Million. STATUS: Under construction.

CONSUMER PROTECTION

- In FY 11, the Heffron Lab achieved National Institute of Standards and Technology recognition and National Voluntary Laboratory Accreditation Program ISO/IEC 17025 Accreditation – MDARD’s Heffron Lab is one of 11 state laboratories to accomplish this and thus have the ability to provide services to many Michigan businesses that must maintain accreditation themselves.
- MDARD’s Consumer Protection Section received and investigated 2,138 Quantity and Quality Motor Fuel Complaints. As a result of the investigations, 20,154 tests on fuel pumps were conducted. In addition, 24,831 proactive fuel pump tests were conducted on a proactive basis. Due to the level and presence of Consumer Protection staff in the field, compliance remains high at over 97%, with less than ½ percent of fuel pumps failing for being short.
- Staff took 2,304 fuel samples at 1,617 retail gas stations. Overall compliance of the fuel meeting required specifications was almost 94%.
- MDARD staff also tested 2,060 “other” Weighing and Measuring Devices (scales, fuel oil meters, propane devices, etc.) and found compliance to be above 91%.

Weights and Measures

- The Consumer Protection Section is also responsible for ensuring the proper net content of packages. Staff were able to test 10,299 packages in FY11 and found compliance to be very low - just 66% compliance. As a result of this, 34 penalties were issued in the amount of \$130,522.
- In September, MDARD fined Pilgrim’s Pride of Colorado for shorting consumers buying their Pilgrim’s Pride Boneless Skinless Chicken Breast Singles. A consent agreement was issued to Pilgrim’s Pride with fines and restitution totaling \$7,000 and a probationary period of two years.
- MDARD’s Consumer Protection Division investigated a consumer complaint on alleging that the Pilgrim’s Pride Boneless Skinless Chicken Breast Singles they had purchased at a local Sam’s Club was short-weight, meaning the package contained less than it was labeled and led to a consumer over-charge of 28 cents. During the inspection at Sam’s Clubs

revealed that 34 of 34 (100%) packages tested weighed less than the quantity represented; with an average negative error of 0.099 lb. and an average overcharge to customers of \$0.27 per container.

- The Weights and Measures Program also monitored 303 Registered Service Persons in 91 Agencies; conducting over 3,000 report audits and 283 field audits. Results of the field audits found registered service testing of devices to be only 87% compliant.

ADMINISTRATIVE EFFICIENCIES AND STREAMLINING LICENSING

- Worked with the Office of Regulatory Reinvention and reviewed of the Department's regulations pursuant to Executive Order 2011-5. MDARD had 98 regulations and 878 rules that were reviewed under a number of criteria, and MDARD is planning to eliminate approximately 25% of these during 2012, as well as updating others.
- Rapid Response Grant – Through its Rapid Response Team (RRT), Michigan continues to play a leadership role nationally in development of coordinated emergency response systems. A key objective is to increase efficiency and reduce duplication of efforts across local, state and federal agencies. Michigan competed against other states and was awarded a grant to maintain the program for an additional 1-2 years, depending on the availability of federal funds.
- MDARD found additional administrative efficiencies by combining our Central Licensing Unit and Customer Service Center combined to provide for increased efficiency and timeliness. The Central Licensing Unit processes 32 major license types (ex. Food Handlers License) consisting of 96,910 separate licenses.
- Customer Service Center handles approximately 3,500 first-point-of-contact calls per month with a first time response rate exceeding 95%.
 - Processing time for MDARD licenses has been decreased an average 65%, allowing for earlier identification of problematic issues that require coordination with establishments, as well as a reduction of approximately 15% in the number of delinquent licenses.
 - Average cost per license, administrative, printing and mailing costs have all been reduced by approximately 45%.
 - A reduction in the total cost of consolidated licensing operations is estimated at \$700,000 or in excess of 15,000 staff hours, allowing for the redirection of five to six FTE's toward other departmental priorities.

- The consolidation of eight FTE's into a consolidated Accounting Service Center servicing the agency needs of MDOT, MDARD, DEQ and DNR has resulted in initial savings of \$40,000 and heightened cross-training and backup capabilities.
- MOU for Marketing and Communication services between DNR, DEQ and MDARD: This MOU allows MDARD to access graphic and photographic services at an annual cost of \$14,500. Conversely, it allows MDARD to charge the two agencies a total of \$3,500 to access and use MDARD's video and audio studio in Constitution Hall. This net cost of \$11,000 to MDARD represents an \$89,000 annual savings. Further, it provides for back-up support within the agencies.
- GIS: By working with the Center for Shared Solutions in relation to MDARD has been able to complete geo-coding of initial data sets including food processors and grain dealers and create maps showing relative locations of food processors, grain dealers, highways, trunk lines and railroads.